

Budget Overview 2011

Florida House of Representatives

November 3, 2011



The Next Half Hour

- Budget requirements and process
- Estimating revenues and expenditures
- Resolution of projected FY 2011-12 shortfall
- Current year appropriations
- Estimated shortfall FY 2012-13

Major Constitutional Provisions

Article III, Section 19(a)

- Requires an annual state budget and planning process, including detail reflecting the annualized and nonrecurring costs.

Article VII, Section 1(c)

- No money shall be drawn from the treasury except in pursuance of appropriation made by law.

Article VII, Section (1)(d)

- Provision shall be made by law raising sufficient revenue to defray expenses of the state for each fiscal period.

Major Constitutional Provisions (continued)

Article III, Section 19(a)(2)

- Unless approved by a three-fifths vote of the membership of each house, appropriations made for recurring purposes from nonrecurring general revenue funds for any fiscal year shall not exceed three percent of the total general revenue funds estimated to be available at the time such appropriation is made.

Article III, Section 19(c)(1)

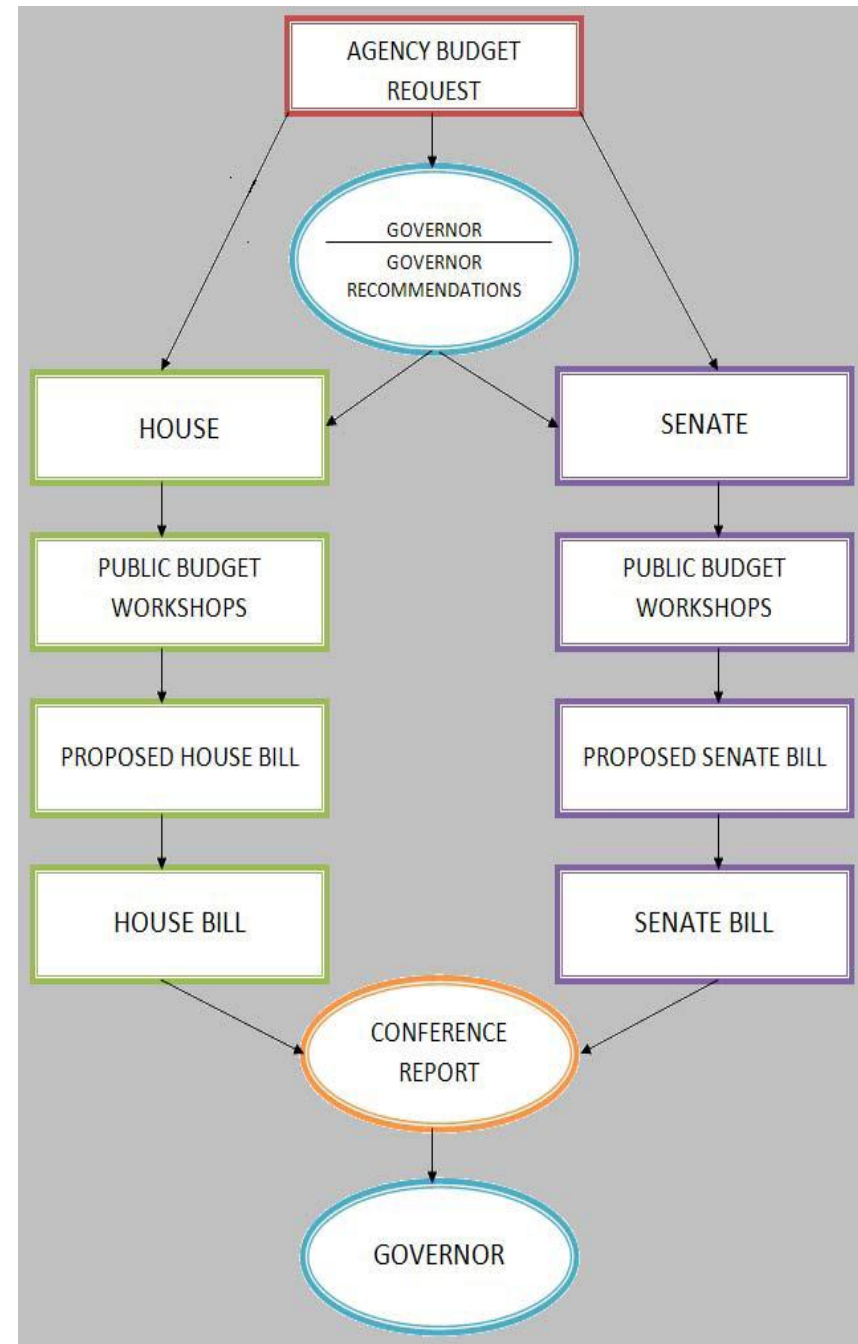
- No later than September 15 of each year, the joint legislative commission shall issue a long-range financial outlook setting out recommended fiscal strategies for the state and its departments and agencies in order to assist the legislature in making budget decisions.

Article III, Section (8), Article III, Section 19(b)

- Provides line item veto authority to the Governor – “The Governor may veto any specific appropriation in a general appropriation bill, but may not veto any qualification or restriction without also vetoing the appropriation to which it relates.”
- Authorizes Governor to veto specific appropriation in substantive bill – “Substantive bills containing appropriations. . . shall be subject to the governor’s specific appropriation veto power described in Article III, Section 8.”

The Appropriations Process

- ❖ On September 15th the Legislative Budget Commission issued the Long Range Financial Outlook.
- ❖ State agencies submit budget requests on October 15th of each year.
- ❖ The Governor makes his budget recommendations 30 days prior to the onset of the legislative session.
- ❖ House & Senate committees workshop the budget and each chamber passes an independent appropriations bill.
- ❖ The differences between the bills are usually resolved through a conference by members of both chambers.
- ❖ The product of the conference process is the Conference Report or the General Appropriations Act.
- ❖ The Governor has line item veto authority.
- ❖ The Governor with consensus of House & Senate execute the budget and develop the base for the next cycle



Shortfalls/Deficits

- A deficit occurs when there is insufficient estimated revenue to provide for existing appropriations.
- A shortfall occurs when estimated revenues are insufficient to provide for estimated future need in addition to the base budget
- The Long Range Financial Outlook has been the basis for the determinations of shortfalls.
- There are a variety of assumptions in the development of the LRFO

Consensus Estimating Conferences

MAJOR PROJECTIONS DEVELOPED BY CONFERENCES

Develop agreed-upon projections for certain revenues and caseload/workload data

The diagram features a central yellow circle with a purple border. Four grey arrows point from the right side of this circle to the right. Each arrow is labeled with an entity: 'Governor', 'House', 'Senate', and 'Office of Economic and Demographic Research'.

Governor

House

Senate

**Office of Economic and
Demographic Research**

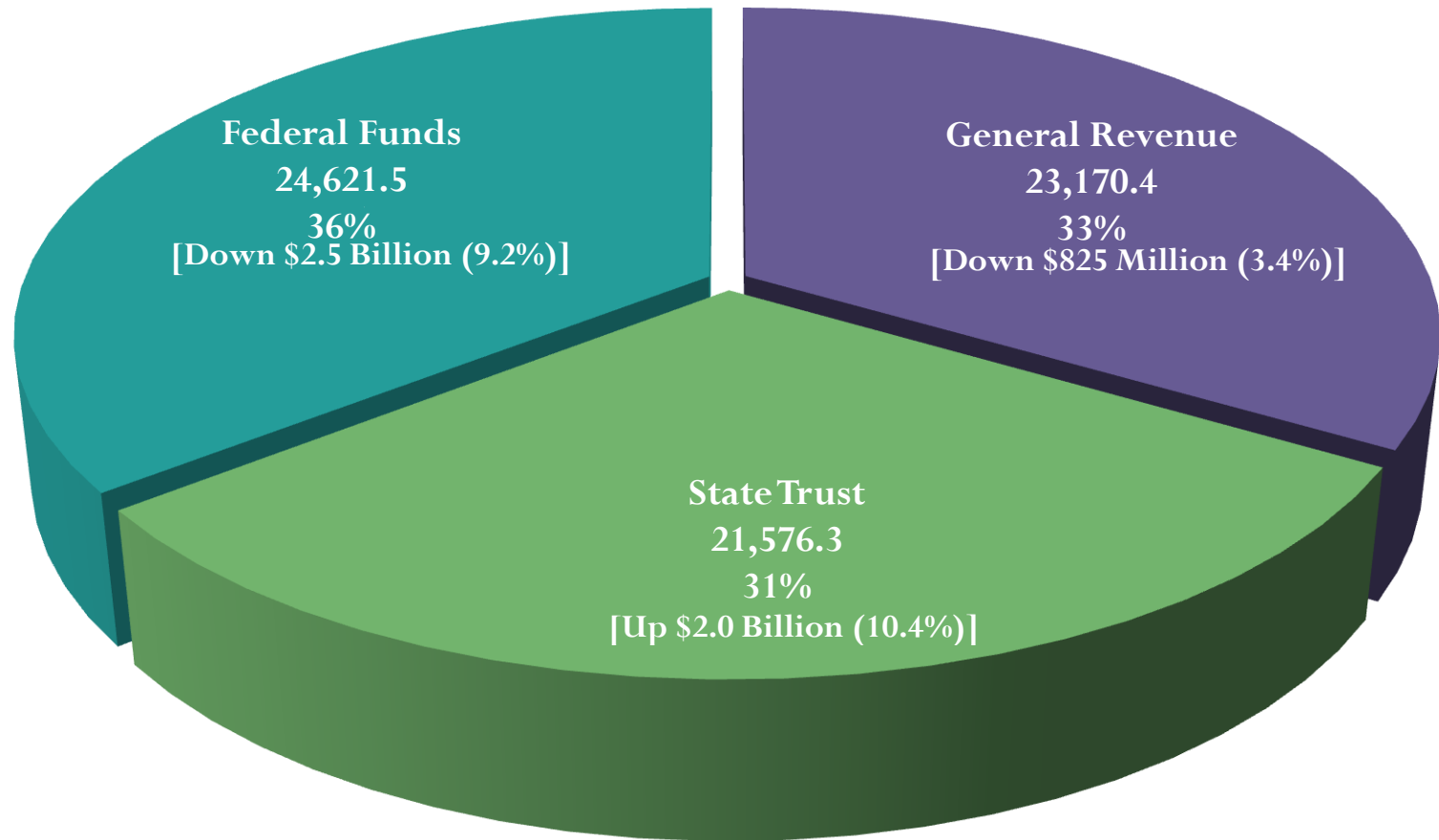
- amount of General Revenue available for appropriations
- amount of Lottery funds available for appropriations
- number of children to be enrolled in public schools;
- number and caseload for Temporary Assistance to Needy Families;
- amount of Public Education Capital Outlay (PECO) funds;
- number of prisoners
- amount of transportation funds available for appropriations

GENERAL REVENUE FUND
FY 2011-12 BUDGET RECAP
(In Millions of Dollars)

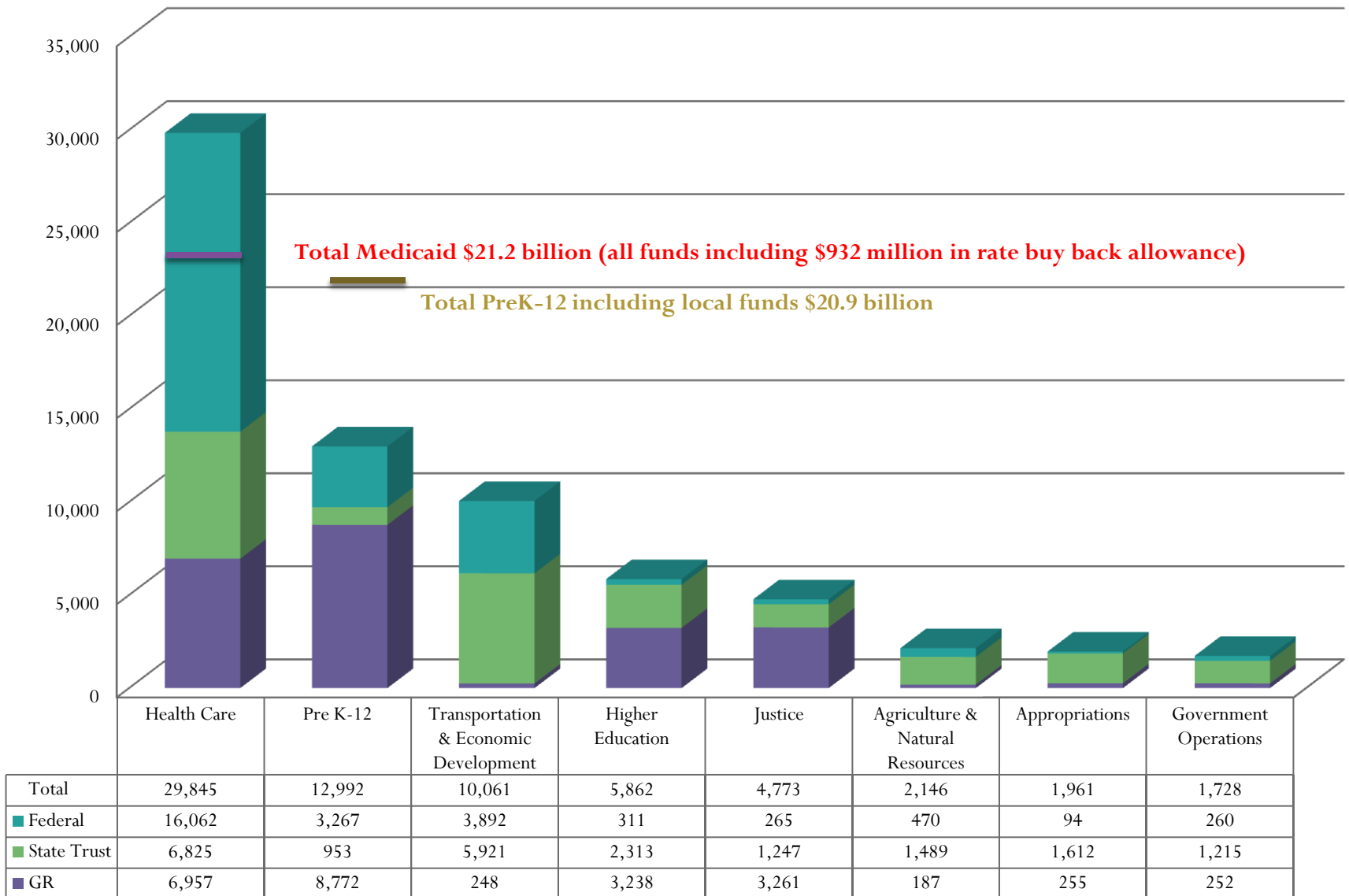
1 Long Range Financial Outlook Shortfall	(4,616)
2 Adjustments to Funds Available:	
3 Reductions to FY 2010-11 Deficits	55
4 Transfers from Trust Funds	389
5 Other Adjustments to Funds Available	(101)
6 Reductions to the Base Budget	2,320
7 Amount of Long Range Financial Outlook Not Funded (Net)	<u>2,135</u>
8 Remaining Surplus	181
9 Amount Held in Reserve	<u>1,000</u>
10 Total GR Unallocated Balance	1,181

Note: Not included above is \$150 million transferred from the State Transportation Trust Fund to the State School Trust Fund.

FY 2011-12 Appropriations
\$69.4 Billion
(In Millions of Dollars)



Total Budget by Fund by Subcommittee (In Millions of Dollars)



FISCAL YEAR 2012-13
GENERAL REVENUE FUND
LONG RANGE FINANCIAL OUTLOOK
(In Millions of Dollars)

1	Available General Revenue	26,817
2	Expenditures:	
3	Base Budget	22,784
4	Transfer to the Budget Stabilization Fund	215
5	Critical Needs	1,657
6	High Priority Needs	887
7	Reserve	<u>1,000</u>
8	Total Expenditures	<u>26,543</u>
9	Balance	274

KEY BUDGET DRIVERS

Long Range Financial Outlook

General Revenue – FY 2012-13

		FY 2012-13		
		September LBC	Updates Due to Estimating Conferences	Adjusted Total
Critical Needs (Includes Mandatory Increases Based on Estimating Conferences and Other Essential Needs)				
1	PRE K - 12 EDUCATION			
2	Maintain Current Budget - Florida Education Finance Program (FEFP)	133.1	198.2	331.3
3	Workload and Enrollment - Florida Education Finance Program (FEFP)	108.4	126.0	234.4
4	Workload and Enrollment - VPK	9.0	(1.3)	7.7
5	HIGHER EDUCATION			0.0
6	Maintain Current Budget - Higher Education	18.9		18.9
7	Workload and Enrollment - Bright Futures (BF) and Children and Spouses of Deceased / Disabled Veterans (CSSDV)	0.6	(2.6)	(2.0)
8	EETF Adjustment - Bright Futures Workload - Higher Education	(30.5)	(73.6)	(104.1)
9	HUMAN SERVICES			0.0
10	Medicaid Program	968.3	(64.0)	904.3
11	Kidcare Program	5.4	(8.0)	(2.6)
12	Temporary Assistance for Needy Families (TANF) Cash Assistance	9.6	(9.6)	0.0
13	CRIMINAL JUSTICE			0.0
14	Judicial - Due Process Costs	1.0		1.0
15	JUDICIAL BRANCH			0.0
16	Court System Funding Required to Offset Decline in Court Fee Revenues	96.2	(17.6)	78.6
17	TRANSPORTATION AND ECONOMIC DEVELOPMENT			0.0
18	State Disaster Funding (Declared Disasters)	6.2		6.2
19	Restore Recurring Funding to DOR Positions	1.7		1.7
20	Non-FRS Pensions and Benefits	0.7		0.7
21	Fiscally Constrained Counties - Property Tax & Conservation Lands	26.4		26.4
22	ADMINISTERED FUNDS & STATEWIDE ISSUES			0.0
23	Increases in Employer-Paid Benefits for State Employees	302.4	(142.8)	159.6
24	Subtotal Critical Needs	1,657.4	4.7	1,662.1

KEY BUDGET DRIVERS (continued)

Long Range Financial Outlook

General Revenue – FY 2012-13

		FY 2012-13		
		September LBC	Updates Due to Estimating Conferences	Adjusted Total
25	Other High Priority Needs (Includes Other Historically Funded Issues)			
26	PRE K - 12 EDUCATION			
27	Maintain Current Budget - Other PreK-12 Discretionary Programs	11.7		11.7
28	EETF Adjustment - Bright Futures Tuition Increases - Florida Education Finance Program (FEFP)	7.8		7.8
29	HIGHER EDUCATION			0.0
30	Maintain Current Budget - Higher Education Discretionary Programs	10.7		10.7
31	Workload and Enrollment - Florida Colleges	71.9		71.9
32	Workload and Enrollment - Universities	39.9		39.9
33	EETF Adjustment - Bright Futures Tuition Increases - Higher Education	14.8		14.8
34	Anticipated New Space Costs for Colleges & Universities	22.6		22.6
35	Challenge Grants for Florida Colleges and State Universities	3.4		3.4
36	HUMAN SERVICES			0.0
37	Developmentally Disabled Services	27.5		27.5
38	Children and Family Services	74.6		74.6
39	Health Services	12.0		12.0
40	Human Services Information Technology/Infrastructure	0.2		0.2
41	CRIMINAL JUSTICE			0.0
42	Shared Detention Cost - Fiscally Constrained Counties	0.9		0.9
43	Department of Juvenile Justice - Prevention and Intervention Programs	0.8		0.8
44	TRANSPORTATION AND ECONOMIC DEVELOPMENT			0.0
45	Other Transportation and Community Development Priorities	2.5		2.5
46	Economic Development and Workforce Programs	118.2		118.2
47	National Guard Armories and Military Affairs Priorities	6.9		6.9
48	Library, Cultural, Historical, and Election Priorities	28.7		28.7
49	NATURAL RESOURCES			0.0
50	Environmental Programs Funded with Documentary Stamp Tax	12.7		12.7
51	Environmental Land Acquisition and Restoration	36.2		36.2
52	Other Agriculture & Environmental Programs	37.7		37.7
53	GENERAL GOVERNMENT			0.0
54	Other General Government Priorities	2.6		2.6
55	ADMINISTERED FUNDS & STATEWIDE ISSUES			0.0
56	Increase in Employer-paid Contributions for the Florida Retirement System to Fund the Unfunded Actuarial Liability (State, Universities, Community Colleges, and School Boards)	329.2	39.5	368.7
57	Maintenance, Repairs, and Capital Improvements - Statewide Buildings	13.3		13.3
58	Subtotal Other High Priority Needs	886.9	39.5	926.4

**FISCAL YEAR 2012-13
GENERAL REVENUE FUND
HOUSE DRAFT OUTLOOK
(In Millions of Dollars)**

FY 2012-13

1 Long Range Financial Outlook Balance	274
2 Revenue Estimating Conference Adjustments	(1,365)
3 Known Changes to Expenditure Forecasts	<u>(105)</u>
4 Potential Budget Shortfall	(1,196)

Will the Real GR Shortfall Please Stand Up!

		Incorporation of Estimating Conferences & Base Budget	EDR Presentation to Senate on October 20, 2011
	September LBC		
1 Funds Available	26,817	25,393	25,393
2 Base Budget	22,784	22,786	22,785
3 Critical Needs	1,657	1,662	1,662
4 High Priority Needs	887	926	926
5 Additional Issues -- Senate			761
6 Transfer to BSF	215	215	215
7 Reserves	1,000	1,000	1,000
8 Ending Balance	274	(1,196)	(1,957)

CHANGES TO THE TOTAL BUDGET SINCE FY 2006-07

1	Total Budget FY 2006-07	73,755.8
2	Operating Increases	14,080.1
3	Operating Decreases	-13,247.3
4	FCO Decreases	<u>-5,220.4</u>
5	Total Budget FY 2011-12	69,368.2